

Making funding flexible during uncertain times

“Walking into a dealership when an operator has had a stressful day and speaking to them about stock funding can be a huge challenge, but earn their trust and demonstrate the benefits and soon a strong relationship is born.”

Pam Halliday, NextGear Capital’s sales and marketing director, has no doubts about the strengths of the Chester-based stock funding provider and the areas where it can add value for a car dealer at a time of great uncertainty in the market.

Part of Cox Automotive, NextGear Capital prides itself on the flexibility of its offer. Halliday describes the facility as “another credit card in the dealer’s wallet” thanks to its ability to operate alongside an existing stocking plan.

However, she insists that this does not result in a transient client base.

“Relationships are at the heart of what we do. There is flexibility – a dealer will make use of the NextGear Capital facility one month, settle their balance and then it’s a case of ‘well that worked well, let’s get rolling again for next month’ – but we pride ourselves on the small number of dealers who choose to leave us.

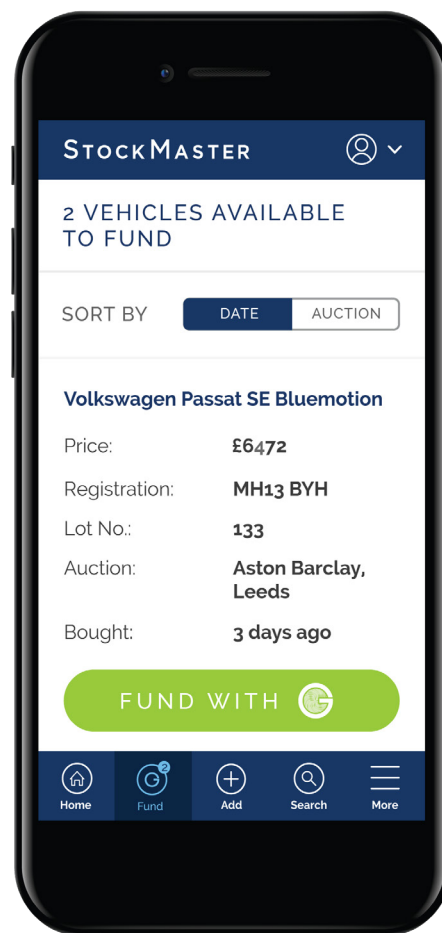
“We are a trusted provider, a valued tool, and I love that.”

NextGear Capital is the number one stock funding supplier in the US and the business was introduced to the UK in 2014.

It has grown incrementally since then and expects to fund 100,000 used car purchases in 2017, more than 40% increase on 2016’s total of 71,000.

Dealers can hold a vehicle on a NextGear Capital Stocking Plan for 150 days (franchised dealers only) with a plan for demonstrator and staff vehicles giving dealers a flexible funding option for up to 330 days.

In March, the business announced it had funded more than £1 billion worth of vehicles since its launch, with more than £150 million of active wholesale funding facilities at the time.



Halliday believes the growth of the business is underpinned by “fantastic account management”. Each dealer has one of 28 account executives, allocated by postcode, on hand to help them maximise profit.

Executives are hands-on, drawing dealers’ attention to used stock that is selling well in their regions and suggesting sources where they may be acquired. Halliday said NextGear Capital’s approved stocking sources included “some prestigious fleets” and that dealers can choose to be alerted when stock matching

their usual buying profile becomes available.

A further team of 12 advisers, based at the business’s headquarters in Chester, provides around-the-clock support for traders, giving access to advice or support via telephone.

NextGear Capital provides funding to more than 1,300 independent and franchised dealers and aspires to grow that number to about 2,000 by 2018, according to Halliday.

Mirroring its ability to fund 100% of CAP clean on trade and part-exchange vehicles, NextGear Capital will fund “100% of the hammer price” at auction, something “that makes us unusual in our market-place,” according to Halliday.

“We are also the fastest stocking finance provider in the business, as far as I’m aware,” she said.

“We can take a dealer from the consideration stage to live within five days with the help of DocuSign, a system that allows us to operate in a completely paperless way.”

NextGear Capital’s StockMaster app, which is available online or via a smartphone, allows traders to keep close tabs on how many vehicles they have in stock and how much of their funding facility they have to spend.



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PAM HALLIDAY, NEXTGEAR CAPITAL



Halliday said: “It’s very similar in style to the HSBC banking app I have, which offers me a sliding scale of my personal finance.

“It’s a huge bonus for our clients that they

can check their facility while at an auction, without having to go to the cash desk.”

NextGear Capital shares the desire of its parent company, Cox Automotive, to break down barriers that can leave dealers

struggling to avail of services from rival suppliers at the same time.

In a recent interview with AM, Martin Forbes, the managing director of retail and media solutions at NextGear Capital’s parent company, Cox Automotive UK, said the recent introduction of its Incadea dealership management system (DMS) had been prompted by rival providers’ reluctance to make their systems compatible with Cox Automotive products.

NextGear Capital has aimed to remove of some of the hurdles dealers experience. Halliday said: “You can use your NextGear Capital funding to buy stock at any auction across the UK.

“Obviously, through Cox Automotive we have strong ties with Manheim, but there are no restrictions on where dealers buy stock. We are 100% agnostic.”

Halliday also described the business is a “complementary funder”, stating that it can be used alongside a dealer’s existing stock funding provider.

She added: “A dealer can look at NextGear Capital and say ‘if I sell this car within 34 days they are actually cheaper than my other provider and will help me gain incremental profit’.”

While unwilling to share details of the charges levied by NextGear Capital for its stock funding solution, citing variations between franchised and independent dealers and the potential to benefit from offers at certain times of the year, Halliday said the charges were made up of a nominal application fee, a pence-per-day holding charge, along with a fee to settle.

At a time when interest rates are low, but economic uncertainty – following June’s general election, the start of Brexit negotiations and the continued uncertainty surrounding the future of diesel vehicles – remains high, Halliday believes flexible stock funding can make significant operational improvements for both franchised and independent dealers.

She said: “In truth, you never know when the capital in your buildings and business might change, particularly with some independent traders that are highly geared.

“In 2017, perhaps more than before, it makes sense to make full use of a stocking facility, which might allow you to stock more vehicles, but invest more capital in the business or facilities. NextGear Capital delivers maximum flexibility at a time of real uncertainty.”

**For more information, contact
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